

Restaurant (QSR) Opportunity Guide

Get ready to sell visual graphics to the restaurant vertical

Industry overview

Quick Service Restaurants (QSR) are limited service restaurants that serve specialty snack items or nonalcoholic beverages for consumption on-premises, such as bagel shops, coffee shops, doughnut shops, ice cream parlors, juice bars, and smoothie shops.

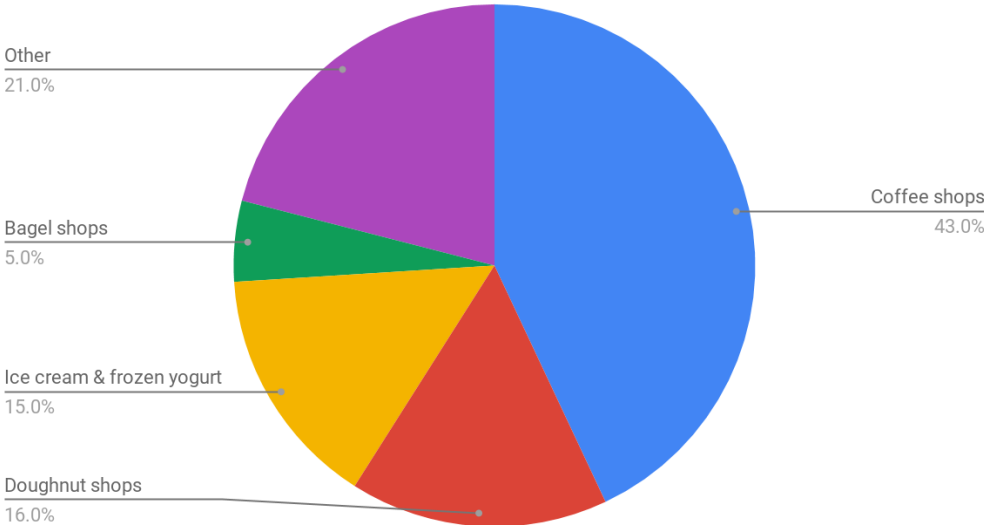
The industry includes national and regional chains, franchises, and independent operators. Franchises allow individual operators to leverage a well-known brand name and to benefit from purchasing efficiencies. Franchise agreements generally cover a specific geographic market and outline restaurant operating requirements, such as food preparation guidelines and quality, pricing, and hours of operation. Major companies include Dunkin' Brands, Einstein Noah Restaurant Group, and Starbucks.

By the numbers

The US Specialty eatery industry includes about 65,000 establishments (single-location companies and branches of multi-location companies) with combined annual revenue of about \$42 billion.

Coffee shops account for about 45% of specialty eatery revenue; doughnut shops for about 15%, as do ice cream shops and other frozen treat outlets.

Establishment Type by Revenue



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Trends and Opportunities

Food Trucks - Food trucks and carts have become popular alternatives to traditional restaurants in many urban areas. The mobile foodservice operators offer mainly street foods (sandwiches, burritos) and snack food items (cupcakes, ice cream, and pastries) to people on the go.

Product opportunities: temporary and changeable signage (A-frame signs or chalkboard or dry-erase laminated menu boards and pedestal signs and table tents are great product options because they can be quickly set-up and changed as locations and menus change. Name badges are always a great option to build both brand awareness and customer rapport.

Gourmet Coffee Shops - Boutique coffee shops that focus on the art and science behind coffee-making are gaining prominence, especially among younger consumers. Many of these establishments roast their own beans and offer obscure, high-quality coffee varieties prepared by skilled baristas. Consumers between the ages of 18 and 39 are fueling most of the gourmet coffee segment's growth, according to the National Coffee Association, with up to half of those consumers drinking a gourmet beverage within the past day.

Product opportunities: bring attention to specialty recipes and ingredients with large and small decals that can be adhered to nearly any surface from walls to windows to table tops. Build credibility and promote staff knowledge and skills by displaying information on signage located throughout the coffee shop. Name badges are always a great option to build both brand awareness and customer rapport.

Boosting Breakfast Sales - Eateries that specialize in coffee, doughnuts, and bagels are benefiting from renewed consumer interest in breakfast foods. Competition in the segment is intensifying as fast-food chains, including McDonald's, expand their breakfast menus and sell breakfast items later in the day. Marketing strategies that emphasize unique all-day breakfast offerings and higher-margin coffee beverages may help specialty eateries avoid losing market share to larger rivals.

Product opportunities: temporary and changeable signage brings attention to menu offerings. Put an A-frame sign outside the shop to attract people into the store. Use chalkboard signs or framed signs with changeable graphics to keep your message fresh and new. Durable table tents keep the message of all-day breakfast in front of customers during their entire visit.

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Customer Loyalty Programs - Many specialty eateries offer customer loyalty programs to increase repeat business. Companies may provide discounts, free drinks, or rebates to frequent customers who sign up for rewards cards or VIP memberships. Some chains also have branded smartphone applications that allow users to earn and keep track of loyalty rewards.

Product opportunities: table top, counter, wall, and window decals promote loyalty programs where customers are sure to take notice. You can even put a decal on the bathroom mirrors! Printed coasters are another great option for putting the message in front of patrons.

Sustainable Practices - Adopting sustainable and eco-friendly business practices could help specialty eateries attract more business. Coffee and bagel shops that promote their use of locally sourced ingredients can tap into a growing segment of customers concerned with sustainability and food quality. Opting for compostable or recyclable food containers, or eliminating straws, also has been gaining popularity among consumers.

Product opportunities: our growing line of paper-based stocks will help your customer promote their eco-friendly message. New paper-based stocks are being developed at a rapid pace and now include durable signage materials and rigid stocks that can be used to create point-of-sale displays and shelving structures. And the best part is that they are all designed for full color digital printing.

Executive Insights

Whether you are calling on a large organization with a team of executives or a small business where the owner plays multiple roles, these are issues that all (or nearly all) restaurant establishments are managing. Being aware of them gives you an appreciation for what your customer is dealing with and may even suggest ways you can make their life easier or their business more profitable by improving visual graphics and signage in their store.

Chief Executive Officer or Business Owner

Monitoring the Competition

As Americans consume more snacks, specialty eateries face grown competition from other sources in the crowded snacking and nonalcoholic beverage market. Such establishments include full-service restaurants, fast-food chains, retail bakeries, and delis. Grocery stores, convenience stores, and food trucks are also offering more prepared food items and premium coffee drinks that may lure customers away from specialty eateries.

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Responding to Shifting Consumer Attitudes

A shift in consumer attitudes regarding healthy eating habits could impact sales of sweet snacks and beverages. Doughnuts, pastries, and specialty coffee drinks typically contain high amounts of sugar and fat, which have been linked to adverse health effects, including obesity. Specialty eateries may modify existing menu options to respond to healthier eating trends.

Chief Financial Officer

Managing Volatile Commodity Costs

Specialty eateries can be significantly impacted by rising costs of commodity ingredients such as coffee beans, sugar, and dairy products. Companies may enter into long-term supply contracts to protect themselves against fluctuations in commodity prices. Because consumers can be highly sensitive to menu prices, specialty eateries may not be able to completely pass through any cost increases.

Regulatory Compliance Issues

Local officials regularly inspect restaurants to enforce health, fire, and safety regulations. Noncompliance can result in fines and temporary or permanent closure.

Chief Information Officer

Implementing Inventory Management Systems

Computerized inventory management systems track perishable supplies and alert staff when levels run low, helping reduce waste due to spoilage. Integrated systems combine sales data with inventory to help predict demand for specific ingredients and aid in purchasing.

Maintaining Computer Point-of-Sales Systems

Computer point-of-sale (POS) systems process transactions and transmit orders from the counter to food preparation areas. Such systems can significantly improve transaction speed. POS systems are particularly useful to specialty eateries, as long lines at bagel shops, coffee shops, and doughnut shops may hurt business.

Human Resources

Customer Service Training

Providing good customer service is generally a key ingredient for success, especially for high-end coffee shops, gourmet confectionery parlors, and beverage bars specializing in health drinks and smoothies. Customers may expect employees to be knowledgeable and make recommendations about food and beverage items. Specialty eateries may require new employees to attend classes and receive in-store training to develop necessary skills.

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Recruiting Entry-Level Workers

Specialty eateries employ a large number of people in low-skill positions as servers and food preparers. Companies struggle to find entry-level workers due to low wages, as most entry level jobs pay at or just slightly above the minimum wage. Turnover in the food service sector is significantly higher than the national average.

Sales and Marketing

Developing New Products

Specialty eateries can generate additional consumer interest by promoting new products. Unique products can also provide a competitive advantage. As many menu items are seasonal, certain products may be available for a limited time to attract additional traffic.

Creating and Maintaining Customer Loyalty

Companies depend heavily on repeat business and developing a loyal customer base. Specialty eateries can increase repeat business through customer loyalty programs such as rewards cards or VIP memberships. Companies may also utilize websites and social media (Facebook, Instagram, and Twitter) to establish and maintain relationships with customers.

Discovery Questions

What new menu items have you introduced or do you plan to introduce?

Specialty eateries can generate additional consumer interest by promoting new products with visual graphics and signage of all kinds.

What customer loyalty programs do you offer?

Specialty eateries can increase repeat business through customer loyalty programs. Use a variety of large and small signage and decals to promote the program throughout the shop.

How has the competitive landscape changed in recent years?

Fast-food and full-service restaurants are now significant competitors in the snacking and nonalcoholic beverage market, a key target for specialty eateries. Updating the interior and exterior signage can help create a fresh and inviting look that attracts new and returning customers alike.

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How are you taking advantage of gourmet coffee's popularity?

Boutique coffee shops that focus on the art and science behind coffee-making are gaining prominence, especially among younger consumers. Increasingly, brands are looking for unique ways to deliver an immersive experience that engages all the senses. Interior decor and signage play an important role by providing a visual environment that reinforces the brand.

How have you responded to rising demand for breakfast menu items?

Eateries that specialize in coffee, doughnuts, and bagels are benefiting from renewed consumer interest in breakfast foods. Using temporary and changeable signage can play an important role in promoting new menu items when and where you need to.

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